

# A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 20 VESEY STREET, NEW YORK, N. Y.

OCTOBER 28, 1935

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Members of the Association are asked again to send in suggestions for speakers and topics for the program. The general theme of the program is now being decided upon.

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Some conjecture took place as to which speaker at the conference caught the most fire in the form of questions from the floor. It was finally decided that Mr. Bowers did more sitting down and standing up than anyone; he finally concluded it was best to remain standing, and then, growing weary, sat down and answered all questions from his chair.

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All the brains at the conference were not on the speakers' platform. There were a good many experts in the audience. Dr. A. A. Berle, when his turn came to speak, compared the occasion to the time he was lecturing on law when into the room walked Mr. Justice Cardozo. "The complete anomaly of attempting to teach law to Mr. Justice Cardozo almost stopped me for the rest of the hour," Dr. Berle said.

The medal for being the fastest speaker on the program went to Arthur Dean, of Sullivan & Cromwell. Mr. Dean arrived a little late and then proceeded to make up time. The stenotypist did not pause once while he was talking.

## NEW MEMBERSHIP DRIVE GOING ON

The recently organized campaign to obtain desirable new members, directed by Mr. Corning White and backed by the constructive cooperation from our present membership has brought more new members into the Association this month than in any month since 1929. Continuance of this success should make it possible for the Association to broaden the scope, and still further improve the quality, of its services.

In addition to the four field secretaries contacting the prospective members in the New York area, arrangements are now being made for at least one full- or part-time field secretary in several of the larger industrial and business centers. These men are being obtained through the suggestions of present members in the cities concerned. Mr. White would like to hear from any member in any such city who has in mind a man qualified to represent the Association.

## Back Issues Wanted

The New York Public Library, in order to complete its files, needs the following issues of *Personnel*:

Vol. 4, nos. 1 (May, 1927), 3 (Nov., 1927), 4 (Feb., 1928).

Vol. 11, no. 4 (May, 1935).

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## NOTE OF THANKS

The thanks of the Association is extended to the Councilors and Directors who so wholeheartedly responded to letters sent out by M. C. Rorty, President of the AMA, and by the editorial department, asking suggestions and opinions on *The Management Review*. Virtually every letter showed a keen and discerning understanding of *The Review* and what the Association is attempting to accomplish through the publication's pages. Out of the suggestions that were submitted an editorial plan has been formulated, built largely along the same lines that *The Review* has been operating on in the past.

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OCTOBER 28, 1935

## THE A.M.A.

A non-profit organization of professional executives whose job it is to get the day's work done - Practical solutions of practical problems.

## MARKETING MEETING DRAWS EXECUTIVES

### Many Gather at Conference for Intensive Discussion

Following close on the heels of the highly successful conference on taxation and the Securities Act, came the Association's marketing meeting which was held at the Waldorf-Astoria Hotel, New York City, October 23-24.

With its brilliant line-up of speakers and topics, the marketing meeting easily matched the earlier conference for interest and attendance. Marketing executives, advertising men, market researchers, and many other types of executives connected with selling from cities throughout the country, attended.

No stone covering some present-day problem in the marketing field was left unturned during the intensive and vigorous two-day session. Light was thrown on subjects such as advertising and market research techniques, sales planning, etc.

A feature event on the program was the address of Assistant United States Attorney John Dickinson, who spoke on "Prices, Sales and Public Policy."

Some of the other speakers were: O. Fred Rost, Marketing Editor, *Business Week*; Dr. Paul T. Cherington, Cherington, Roper & Wood; Frederick B. Heitkamp, Vice-President in Charge of Sales, Lyon Metal Products, Incorporated; Q. Forrest Walker, Economist, R. H. Macy & Co., Inc.; R. J. Comyns, Manager of Chain Drug Store Division, E. R. Squibb & Sons; Francis S. Swayze, The Spool Cotton Company; Bernard Lester, Assistant Sales Manager, Industrial Department, Westinghouse Electric & Manufacturing Company; Mark M. Jones, President, The Akron Belting Company; H. G. Weaver, Director of Customer Research Staff, General Motors Corporation.

## Financial Conference Hailed as the Most Brilliant Among Association Meetings

### Landis and Gay Among Distinguished Speakers at Sessions

A brilliant array of speakers, timely subjects and distinguished audiences marked the Conference on Finance & Taxation of the AMA held at the Waldorf-Astoria Hotel, New York, on October 9 and 10. Executives who have attended all earlier financial conferences and other Association meetings as well agree that the New York meeting was the most brilliantly successful in the history of the Association.

Industrial and business leaders, financial experts, members of the bar of New York and other states and a large group of banking officers attended several or all of the sessions. Their programs stressed problems created by recent securities and other legislation enacted in Washington and emphasized the importance of new taxation problems facing the American corporation.

The list of speakers was headed by James M. Landis, newly appointed Chairman of the Federal Securities and Exchange Commission and Charles R. Gay, President of the New York Stock Exchange. Both delivered to interested audiences messages of vital import to all of business.

A. A. Berle, Jr., City Chamberlain of New York and a noted authority in

## DR. HAIG FILES PAPER ON TAXES

### Preliminary Report Appears in *The Management Review*

### HEARD AT CONFERENCE

A preliminary report on one of the most significant pieces of research yet undertaken in connection with American business—an effort to determine the cost of complying with tax statutes in relation to the amount of taxes paid—appears in the November issue of *The Management Review*.

The report is written by Dr. Robert Murray Haig, McVickar Professor of Political Economy, Columbia University, who directed the survey which inquired into the tax compliance costs of more than 1,500 firms. The officers of the Association wish to direct the attention of the members to this important article, and suggest that it be given a careful perusal. Reprints will be made of the report which will be sent to all non-members taking part in the survey who will not see the November issue of *The Management Review*.

### Proceedings Soon Ready

Proceedings of the conference on Taxation and Finance are now on the press and will be available to members in about one week.

economics and finance, was another headline speaker. Col. M. C. Rorty, President of AMA, was another. The list of distinguished experts on timely problems who addressed conference sessions included also Arthur H. Dean of the law firm of Sullivan & Cromwell, New York; John G. Lonsdale, Chairman of the Board of the Mercantile-Commerce Bank and Trust Company, St. Louis, who presided at the conference dinner; Ralph T. Crane, President of the Investment Bankers Association.

Two major themes dominated the conference discussions. The general theme for October 9 was "New Capital and Refunding Operations Under the Federal Securities Act." On the second day of the meeting "Taxation Today" was the theme. An unusual feature of the conference approach to the taxation problem was the stressing of the "high cost of paying taxes." Distinctive features of the taxation program were the presentation of a paper on "The Cost to Business Concerns of Compliance with Various Federal, State, County and Municipal Tax Laws" by Dr. Robert Murray Haig, McVickar Professor of Political Economy at Columbia University, and a general round table discussion led by J. W. Oliver, Secretary of the Linen Thread Company and formerly Treasurer of AMA. The paper presented by Professor Haig was a preliminary report.



This digest covers the views of various authorities. It does not include any strictly confidential information nor specific advices from the sources.

# BUSINESS CONDITIONS

Vol. 8, No. 10

October, 1935

	ALEXANDER HAMILTON INSTITUTE	BABSON STATISTICAL ORGANIZATION	BROOKMIRE, INC.	THOMAS GIBSON, INC.	
GENERAL OUTLOOK	Business activity for 1935 may confidently be expected to show an increase over the 1934 rate, but some over-expansion indicates that a corrective movement will occur next year (September 28).	Business during fourth quarter should outstrip year ago, somewhat exceed the 1935 nine-month average, definitely approach normal (September 30).	Business activity, commodity prices, bonds and stocks remain close to the highs of the recovery, heavy industries now entering the phase of sharp expansion (October 5).	The fourth quarter of 1935 will produce a substantial gain in general trade activity and a rise in corporate profits (October 11).	Pre the g part o for p ship vance profit
MONEY AND CREDIT	The influx of gold from Britain to this country does not represent a flight of capital but merely a repatriation of American balances accumulated in London (October 5).	In the eyes of the world, gold abroad is not so safe a form of wealth as the paper currency of the United States (October 7).	The demand for capital for expansion of industrial enterprise is still light in relation to the funds available (October 11).	Excess reserves at member banks will probably soon cross the three billion mark, thus indicating a potential credit expansion of member banks of ten times that amount (October 4).	Sto cial Supre repud
SECURITY MARKETS	Reviewing the position for the past half year, stock values show an increase of 30.8% from April 1 to October 1 while brokers' loans gained slightly over one per cent (October 17).	In our opinion there is no question about the long-pull upward trend of stocks (October 7).	Mr. Landis encouragingly expresses his intention to facilitate the flow of capital into enterprise by relieving corporate financing of unnecessary burdens and expense (October 11).	The quoted value of New York Stock Exchange securities has risen from 50 billion in 1932 to nearly 79 billion (October 11).	To in the up, S of 30 salesn source
PRODUCTION	Electricity output for last week was up 6.8%; steel output, 18.7; automobile output, 20.2 (October 12).	A 10% increase over a year ago in the monthly volume of electric power produced is an encouraging sign (October 7).	In August machine tool orders were 203.9% over August, 1934 (October 5).	Automobile output in the last three months of the year is expected to exceed 700,000 cars or about double that of the same period last year (October 4).	Las broke week
DISTRIBUTION	The volume of wholesale trade for the first eight months of 1935 amounted to 6.3% over 1934 (September).	Retail sales for the last quarter of 1935 will probably exceed any year back to 1930; unit volume of sales as well as money value will show an increase (October 7).	Chain store sales were 8.1% more in August of this year than last year; mail order sales, 20.9% (October 5).		Unin ing th total (Octo
BUILDING		For the first two weeks of September the value of contracts awarded for residential purposes was 97% above a year ago (October 7).	Residential awards in the first nine months, though only 28% of the total, were 80% higher than contracts in 1934, but only 16% of 1928 (October 11).	New construction contracts let in September increased more than 50% over the same month last year, residential contracts increasing more than 100% (October 11).	In jumpe daily a year
AGRICULTURE	For the first eight months of this year farm cash income from marketings increased 4.7% (October 5).	Farm output is not being pushed to excess and the farmer's position has already begun to look better (September 23).	Farm income was 25.9% higher for August, 1935, as against July, but 2.5% less than August, 1934 (October 5).		In r produ level; crops farm higher
COMMODITY PRICES	The index for all Commodity Prices shows a 6.8% increase over a year ago (October 12).	The Administration will not move for higher prices as officials look with genuine alarm upon the rising tide of consumer resentment to higher living costs (September 30).	The general trend of the prices included in this Bulletin over the next six or eight months will be upward (October 11).	A further advance in commodity prices and a general rise in trade activity will see the expansion of member bank credit get under way soon (October 11).	The raw m world is stre bull m
FOREIGN TRADE AND CONDITIONS	No matter what the outcome of a European conflict, the destruction of wealth alone would reduce Europe's purchasing power for many years to come, with an ultimately adverse effect on the U. S. (October 12).	The more troops Italy has in Africa, the easier it will be for the League of Nations to dictate to her; clients should forget the European situation (October 7).	An exchange crisis may be necessary to force establishment of better relationships between national currencies and greater freedom of trade (October 5).	Never before in the history of the world have war preparations proceeded on anything like the scale now in effect (October 11).	Wa of c Europ main tion unbalu ity (C
LABOR AND WAGES	In the first eight months, the level of factory payrolls averaged 10% above the corresponding period last year (October 5).	Employment during September advanced 2.8% and payrolls jumped 6.7% over the preceding month (October 7).	In the Spring of 1935 recovery carried payrolls to a new peak for the cycle, the subsequent reaction being smaller than those of the preceding two years; and August saw the peak level regained (October 5).		Unin get h preva fore bid a labor up (C

# NEWS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION  
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1935

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	BUSINESS WEEK	CLEVELAND TRUST COMPANY	GUARANTY TRUST COMPANY	NATIONAL CITY BANK
will gen- e in )	Pressure of bank reserves and the growing belligerence on the part of the property owning public for private initiative and ownership assure a long-sustained advance in business volume and profit (October 12).	As we enter the fourth quarter, it seems that this year will be recorded in business annals as one of the most nearly stabilized 12 months' periods in our entire history (October 15).	The upward trend of operations in the majority of basic industries is unmistakable, wholesale and retail channels appearing to keep pace (September).	No abatement of confidence as to the outlook for the next few months is apparent (October).
ber the ting of that	Stocks and bonds stabilize, financial attention focusing on the Supreme Court and possible AAA repudiation (October 12).	Capital and labor still seek security rather than opportunities to take new risks in the hope of profiting thereby (October 15).	For the first time, the income tax has been used for avowedly social rather than fiscal purposes (September).	In 1929, taxes represented 11.8% of the national income; in 1934, 20% (October).
ork has 2 to )	To keep the old wildcatters out in the initial over-the-counter lineup, SEC is using as a check a list of 30,000 names of fake stock salesmen supplied by well-informed sources (October 12).	Improved sentiment is of the short term variety and has not as yet effected a reopening of the capital markets for the flotation of new long-term corporation bond issues (October 15).	New security issues for August came to \$435,921,218 as against \$259,838,431 in August, 1934—the highest August total since 1929 (September).	For the first eight months of the year new security offerings totaled \$3,101,000,000; 57% was governmental, 37% corporate refunding and but 6% new capital issues (October).
last ex- or ame	Last week power production broke through the peak December week of 1929 (October 12).	During the past six months of this year the volume of industrial production has remained nearly unchanged, only one month showing any variation (October 15).	Steel ingot production reached 74.9 in August as against 62.8 in July and 35.5 in August a year ago (September).	Machine tool orders showed another gain in August for the sixth consecutive month, more than three times as great as a year ago and the highest since the fall of 1929 (October).
	Unit sales for refrigerators during the first eight months of 1935 total 1,369,861, a gain of 13.8% (October 12).	The chief trouble with the railroads is not diversion of freight to trucks but a continuing shortage in the production of goods (October 15).	Car loadings stood at 59.7 in August; at 57.5 in July; and at 58.9 in August, 1934 (September).	The gain in department store sales in the New York City area in the first half of September over a year ago was 10%, the largest with one exception since early 1934 (October).
let than last reas- 11).	In September, public works jumped 23% ahead of the August daily average, and 52% ahead of a year ago (October 12).	In August of this year there was an increase in non-residential construction, the volume being higher than August, 1934 (October 15).	The recent Act extending and enlarging the powers of the Home Owners' Loan Corporation to re-finance mortgages and to foster building activity has contributed to the current revival in residential building (September).	
	In mid-September sales of farm products reached 107% of pre-war level; with new war scares, short crops and dwindling inventories, farm and food products point even higher (October 5).		The leading crops deteriorated in August, declines taking place in the condition of wheat, corn, sugar beets, barley, buckwheat, potatoes and beans (September).	This country has its third successive short wheat crop; Canada's is reduced by rust disease; Argentine's is a failure due to drouth, and the Australian exportable supply is below normal (October).
idity rade a of way	The war news has boosted all raw material markets, though the world wheat position in any case is strong enough for a respectable bull market (October 5).		There was a moderate rise of 1.3 points in the general level of basic commodity prices during the thirty days ended September 15 (September).	
y of ions the )	War fears have started a spurt of emergency buying though Europe expects hostilities to remain localized; currency stabilization delayed by further budget unbalancing and political instability (October 12).		Employment figures in England during August made a good showing; Brazil forged ahead among South American countries; general activity in Japan was at a fairly satisfactory level (September).	The significance of the gold movements is that they are inspired not by normal trade requirements but reflect the lack of settled economic and political conditions which offer capital only temporary security (October).
	Union workmen on WPA will get higher wages than actually prevail in private industry, therefore private builders will have to bid against the government for labor and building costs will stay up (October 12).	Factory employment advanced in August (October 15).	In August our index showed factory employment at 101.6 compared with 96.2 for the same month a year ago (September).	The textile problem, with a 70% increase in the average hourly wage, involves the relative income and wages of textile labor and that on the farms (October).